

EMPLOYEE BENEFITS

- 1. REASON FOR ISSUE:** To revise Department of Veterans Affairs (VA) procedures on employee benefits.
- 2. SUMMARY OF CONTENTS/MAJOR CHANGES:** This handbook contains mandatory procedures on employee benefits. This revision establishes VA procedures regarding the phased retirement program. This change will be incorporated into the electronic version of VA Handbook 5009 that is maintained on the [Office of Human Resources Management Website](#).
- 3. RESPONSIBLE OFFICE:** Worklife and Benefits Service (058), Office of the Deputy Assistant Secretary for Human Resources Management.
- 4. RELATED DIRECTIVE:** VA Directive 5009, Employee Benefits.
- 5. RESCISSIONS:** None.

CERTIFIED BY:

**BY DIRECTION OF THE SECRETARY
OF VETERANS AFFAIRS:**

/s/
LaVerne H. Council
Assistant Secretary for
Information and Technology and
Chief Information Officer

/s/
Gina S. Farrisee
Assistant Secretary for
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BENEFITS

CONTENTS

PART I. VA CHILD CARE SUBSIDY PROGRAM

**PART II. SPECIAL RETIREMENT PROVISIONS FOR LAW ENFORCEMENT OFFICERS
AND FIREFIGHTERS**

PART III. AFFORDABLE CARE ACT AND MARKETPLACE NOTICE

**PART IV. U.S. FLAG RECOGNITION BENEFIT FOR DECEASED FEDERAL CIVILIAN
EMPLOYEES**

[PART V. PHASED RETIREMENT]

[EMPLOYEE BENEFITS

PART V. PHASED RETIREMENT

CONTENTS

PARAGRAPH	PAGE
1. PURPOSE.....	V-1
2. RESPONSIBILITIES.....	V-1
3. REFERENCES.....	V-3
4. DEFINITIONS.....	V-3
5. ELIGIBILITY.....	V-4
6. EXCLUSIONS.....	V-4
7. CRITERIA FOR APPROVAL.....	V-4
8. WORK SCHEDULE.....	V-5
9. TIME LIMIT.....	V-6
10. EFFECTIVE DATE	V-6
11. MENTORING REQUIREMENT.....	V-6
12. REQUESTING APPROVAL FOR PHASED RETIREMENT.....	V-7
13. ENDING PHASED RETIREMENT AND RETURNING TO REGULAR EMPLOYMENT STATUS.....	V-8
14. PHASED RETIREE MOVING TO VA.....	V-8
15. PHASED RETIREE MOVING FROM VA.....	V-9
16. TRANSITION FROM PHASED RETIREMENT TO FULL RETIREMENT.....	V-9
17. APPEAL RIGHTS.....	V-9
18. EFFECT OF PHASED RETIREMENT.....	V-9
 APPENDICES	
V-A. SAMPLE MEMORANDUM FOR HUMAN RESOURCES OFFICERS REQUESTING CONCURRENCE FOR AN EMPLOYEE REQUEST TO PARTICIPATE IN PHASED RETIREMENT.....	V-A-1
V-B. SAMPLE MONTHLY MENTORING REPORTING CHART.....	V-B-1

[PART V. PHASED RETIREMENT]

1. PURPOSE. This part establishes Department of Veterans Affairs (VA) procedures regarding the phased retirement program. Phased retirement is a workforce management tool designed to assist VA with knowledge management and continuity of operations in the short term. This tool should be used to retain employees who would otherwise fully retire, but who are willing to continue in Federal service for a period of time on a part-time schedule while engaging in mentoring activities. Participation in the phased retirement program is voluntary and requires the consent of both the employee and VA. It is not an employee entitlement.

2. RESPONSIBILITIES

a. The Assistant Secretary for Human Resources and Administration (AS/HRA) is responsible for:

- (1) Approving or denying phased retirement coverage for employees;
- (2) Tracking and reporting mentoring activities to the Office of Personnel Management (OPM) as required;
- (3) Granting approval in rare circumstances to waive the phased retirement program mentoring requirement;
- (4) Granting approval in rare and exceptional circumstances, to allow a phased retiree to work in excess of the established part-time work schedule; and
- (5) Approving or denying phased retiree requests to return to regular employment status.

b. The Assistant Inspector General for Management and Administration (AIG/MA) is responsible for administering the Phased Retirement program for Office of Inspector General (OIG) employees. For the purpose of this policy where AS/HRA is cited, the AIG/MA will perform these duties for OIG employees.

c. The Worklife and Benefits Service, Office of Human Resources Management (OHRM) is responsible for:

- (1) Providing guidance regarding the phased retirement program to HR Officers;
- (2) Analyzing and making recommendations for approval or disapproval of phased retirement requests and time limit extension requests;
- (3) Maintaining records of the number of phased retirees, mentoring activities, and number of work hours for any phased retiree approved to work over the established part-time work schedule and reporting to OPM as requested; and
- (4) Monitoring phased retirement coding reports from Human Resources Information Service to ensure all phased retirees have completed the approval process.

PART V

d. Assistant Secretaries, Under Secretaries, Deputy Assistant Secretaries, Other Key Officials, or their designee(s), and Facility Directors, are responsible for:

(1) Submitting requests through appropriate channels to the AS/HRA for approval or disapproval of phased retirement;

(2) Determining appropriate time limits for phased retirees to meet mission requirements up to the one year maximum, in conjunction with the appropriate Human Resources (HR) Officer; and

(3) Denying phased retirement requests that do not meet the needs of the facility or the criteria for approval.

e. HR Officers are responsible for:

(1) Providing guidance to employees, managers, and supervisors on phased retirement regulations and policies;

(2) Determining appropriate time limits for phased retirees to meet mission requirements up to the one year maximum, in conjunction with the requesting official;

(3) Defining, documenting and reporting mentoring activities of phased retirees to the OHRM Worklife and Benefits Service;

(4) Including the mentoring requirement as a critical element in the phased retiree's performance standards;

(5) Providing phased retirees with retirement counseling;

(6) Completing a Time Limit Agreement, VA Form 10099 (<http://vaww.va.gov/OHRM/Benefits/Retirement/phased.asp>);

(7) Providing employees with the Phased Employment/Phased Retirement Status Elections, [SF 3116, Part 1A](#), after a request for phased retirement has been approved;

(8) Providing employees with the election to end phased employment/retirement to return to regular employment status, [SF 3116, Part 2A](#), upon such approval; and

(9) Providing employees with the election to end phased employment/phased retirement status upon a move to another agency, [SF 3116, Part 3B](#).

f. Managers/Supervisors are responsible for forwarding an employee's request to participate in phased retirement to the HR Officer with the package addressing all criteria for approval in paragraph 7 and a recommendation for approval or disapproval.

g. Employees are responsible for:

(1) Discussing participation in the phased retirement program with their manager/supervisor;

- (2) Contacting their servicing HR office for eligibility information on phased retirement;
 - (3) Submitting the employee request for phased retirement, VA Form 10167, to his/her supervisor (<http://vaww.va.gov/OHRM/Benefits/Retirement/phased.asp>);
 - (4) Completing [SF 3116, Part 1A](#), upon approval to participate in phased retirement and returning the completed form to the HR Officer;
 - (5) Completing [SF 3116, Part 2A](#), upon approval of election to end phased retirement and return to regular employment status and submitting the form to the HR Officer; and
 - (6) Completing [SF 3116, Part 3B](#), upon an election to end phased retirement as a result of a move to another agency and submitting the completed form to the HR Officer.
- h. Phased retirees are responsible for:
- (1) Fulfilling mentoring requirements;
 - (2) Retiring at the expiration of the phased retirement Time Limit Agreement or earlier if desired; and
 - (3) Requesting to return to full-time employment from a phased retirement status if desired.

3. REFERENCES

- a. 5 CFR, part 831, subpart Q;
- b. 5 CFR, part 848;
- c. 5 U.S.C., § 8336a;
- d. 5 U.S.C., § 8412a;
- e. Inspector General Act of 1978
- f. Inspector General Reform Act of 2008, § 6(d)(1)(B)(ii)
- g. OPM Benefits Administration Letters 14-106, 14-108, 14-109, 14-110; and
- h. Public Law 112-141.

4. DEFINITIONS

a. **Full-time Work Schedule.** An officially established recurring basic workweek consisting of 40 hours within the employee's administrative workweek or 80 hours per biweekly pay period as established for employees with a flexible or compressed work schedule.

b. **Phased Employment.** The less-than-full-time employment of a phased retiree.

c. **Phased Retiree.** A retirement-eligible employee who:

(1) With the approval of the AS/HRA, enters phased retirement status; and

(2) Has not entered full retirement status.

5. ELIGIBILITY. An employee must:

a. Have been employed on a full-time basis for not less than the 3-year period ending on the effective date of entry into phased retirement status;

b. Be eligible for an immediate annuity:

(1) Under CSRS with at least 30 years of service and be at least age 55 or have at least 20 years of service and be at least 60 years of age; or

(2) Under FERS with at least 30 years of service and have reached his or her minimum retirement age (MRA) or have at least 20 years of service and be at least 60 years of age;

c. Meet the criteria for approval specified in paragraph 7 below.

6. EXCLUSIONS. The following categories of employees are excluded from participation in phased retirement:

a. Employees not covered by CSRS or FERS;

b. Employees subject to mandatory retirement, including Law Enforcement Officers and Firefighters;

c. Employees with special work schedules that do not allow a recurring part-time schedule, including Nurses covered by 38 U.S.C. 7456 or 7456A and intermittent employees;

d. Disability retirement applicants;

e. Retirees and reemployed annuitants;

f. Any individual who has previously participated in the phased retirement program.

7. CRITERIA FOR APPROVAL. The main purpose of phased retirement is to enhance the mentoring and training of the employees who will be filling the positions or taking on the duties of more experienced retiring employees. It may also be used to provide employees with the opportunity to share experiences across sections or divisions of VA. In order for a phased retirement request to be approved, the following conditions must be documented and satisfied in the request for approval (see sample request in Appendix A):

- a. The candidate's continued service must assist in fulfilling mission critical functions of VA;
- b. The candidate's knowledge, skills, abilities and unique qualifications must be essential for the work to be performed and cannot be satisfied by another staffing function (e.g., new hire, reassignment, etc.);
- c. The part-time work schedule must be appropriate for the candidate's position;
- d. The candidate must have the ability to mentor and be willing and able to meet the mentoring requirement;
- e. The candidate must have achieved at least a Fully Successful rating on the last three performance ratings;
- f. The HR Officer and the manager/supervisor must be able to identify appropriate mentoring activities and submit progress reports to the OHRM Worklife and Benefits Service monthly to demonstrate that the phased retirement arrangement is successful in achieving VA mission;
- g. The change from a full-time schedule to a part-time schedule will not affect the work unit's ability to meet mission goals and objectives; and
- h. The operational needs of the work unit will not require that the candidate work in excess of a part-time schedule that includes a 20% mentoring requirement.

8. WORK SCHEDULE

- a. A phased retiree's established work hours must equal 50 percent of the number of hours the phased retiree would have been scheduled to work had the phased retiree remained in a full-time work schedule.
- b. If the manager/supervisor determines that it is necessary for a phased retiree to work in excess of the 50 percent limitation, a written request citing the reasoning may be submitted through appropriate channels to the AS/HRA for approval.
- c. The AS/HRA may approve a phased retiree to work in excess of the 50 percent limitation under the following conditions:
 - (1) The work is necessary to respond to an emergency posing a significant, immediate, and direct threat to life or property;
 - (2) The manager/supervisor determines that no other qualified employee is available to perform the required work;
 - (3) The phased retiree is relieved from performing excess work as soon as reasonably possible; and

(4) When an emergency situation can be anticipated in advance, management made advance plans to minimize any necessary excess work by the phased retiree.

9. TIME LIMIT

a. The time limit imposed should be the minimum amount of time required to mentor an employee, not to exceed a six-month period.

b. A requesting official may request one six-month extension to the initial six-month time period (one year maximum total) if necessary to meet the mission requirements and needs of VA.

c. An extension must be requested and approved by the AS/HRA prior to the expiration of the initial six-month time period.

d. Employees agree to the following by signing the Time Limit Agreement, VA Form 10099 (<http://vaww.va.gov/OHRM/Benefits/Retirement/phased.asp>);

(1) They may request approval to return to full-time employment;

(2) They may accept an appointment at another agency, at any time before the expiration of the agreement; doing so would terminate participation of phased retirement at VA;

(3) When the agreed term of phased employment ends, they will be separated and that separation will be considered voluntary based on the written agreement;

(4) If they are separated from phased employment and are not employed within 3 days, they will be deemed to have elected full retirement; and

(5) In conjunction with their facility, appropriate approval channel and approval by the AS/HRA, the employee and the AS/HRA may rescind an existing agreement or enter into a new agreement to extend or reduce the phased employment term by entering into a new written agreement prior to the expiration of the agreement currently in effect.

10. EFFECTIVE DATE. Phased retirement and the commencement of a phased retirement annuity is effective:

(1) On the first day of the first pay period after the HR Officer is notified of the AS/HRA approval of the phased retirement request; or

(2) On the first day of a later pay period but no longer than 30 days after the AS/HRA approval signature date.

11. MENTORING REQUIREMENT

a. A phased retiree is required to spend at least 20 percent of his or her working hours in mentoring activities. The mentoring activities can consist of virtual, face-to-face, or telephone mentoring, and the mentoring can be traditional, situational, peer-to-peer, or group mentoring.

b. The HR Officer and manager/supervisors are responsible for determining what types of mentoring activities will satisfy this requirement and documenting the 20 percent of mentoring time. Mentoring activities include, but are not limited to: teaching, providing guidance, coaching, educating, and sharing knowledge and skills to mentees.

c. The HR Officer may request that the AS/HRA waive the mentoring requirement in the event of an emergency or other unusual circumstance that would make it impracticable, such as when the individual is called to active duty military service. Any request to waive the mentoring requirement must be submitted for approval by the AS/HRA prior to the waiver taking effect and following the phased retirement approval procedures.

d. The HR Officer must submit monthly progress reports on mentoring activities to the OHRM Worklife and Benefits Service that tracks completion and progress towards mentoring goals (see Appendix B).

e. If the HR Officer fails to submit monthly progress reports on mentoring activities to the OHRM Worklife and Benefits Service, the AS/HRA may terminate an employee's participation in the phased retirement program based on the failure to meet the criteria for approval. The phased retirement agreement will terminate within 30 days after the finding. In these cases, the phased retiree has permission to return to regular employment status or can choose to fully retire.

12. REQUESTING APPROVAL FOR PHASED RETIREMENT

a. An eligible employee must submit the written request, VA Form 10167, to participate in phased retirement to his/her manager/supervisor.

b. The manager/supervisor will forward the employee's written request to participate in the phased retirement program to the appropriate HR Officer with a recommendation for approval or disapproval. The recommendation should address the criteria for approval as listed in paragraph 7.

c. The HR Officer will prepare and submit the request to the Staff Office Director or Facility Director for concurrence (see Appendix A).

d. If the Staff Office Director or Facility Director concurs with the request the complete package will be forwarded through appropriate channels to the AS/HRA. If the Facility Director does not concur, the request will be returned to the HR Officer and the HR Officer will inform the manager/supervisor and employee of the disapproval.

e. The AS/HRA will approve/disapprove the request in writing within 30 days of receipt. Any request not approved will include the reason for disapproval.

f. Upon approval of phased retirement, the HR Officer will:

(1) Provide the phased retiree with a phased retirement election form [SF 3116, Part 1A](#) to be completed, signed and copy furnished to the OHRM Worklife and Benefits Service;

PART V

- (2) Provide the phased retiree with the Time Limit Agreement, VA Form 10099, in accordance with paragraph 9, and sign the Time Limit Agreement;
- (3) Determine an effective date in accordance with paragraph 10.
- (4) Code the employee record for phased retirement in the PAID/HR Smart system; and
- (5) Submit monthly progress reports on mentoring activities completed by the phased retiree (see Appendix B).

13. ENDING PHASED RETIREMENT AND RETURNING TO REGULAR EMPLOYMENT STATUS

- a. A phased retiree may request to end phased retirement and return to regular employment. The phased retiree must submit the Election to End Phased Employment/Phased Retirement and Return to Regular Employment Status request [SF 3116, Part 2A](#) to his or her supervisor/manager.
- b. The supervisor/manager will forward the request to the HR Officer and the HR Officer will forward the request through appropriate channels to the AS/HRA for approval.
- c. If approved by the AS/HRA, the phased retiree can return to regular employment status. If disapproved, the phased retiree will remain in phased retirement status or may elect to enter full retirement.
- d. Once an election to end phased retirement status to return to regular employment status is effective, the employee may not reelect phased retirement status.

14. PHASED RETIREE MOVING TO VA

- a. A phased retiree may move, without a break in service of more than three calendar days, to VA and retain his or her phased retirement status only if the phased retirement is approved to continue at VA.
- b. The AS/HRA must approve the continuation of the phased retirement prior to coming on board at VA following the procedures in paragraph 12.
- c. If approved, the HR Officer and the phased retiree must complete [SF 3116, Part 3A](#) and the HR Officer must send the form to:
 - (1) OHRM Worklife and Benefits at: benefitsretirement058@va.gov; and
 - (2) OPM at: phasedret@opm.gov.
- d. If disapproved, the employee's phased retirement status will end upon movement to VA. Phased retirement status ends effective at the end of the day on the last day of employment with the losing agency.

e. If the employee chooses to end phased retirement status upon a move to VA, the phased retiree must complete [SF 3116, Part 3B](#) before moving to VA and provide it to the losing agency.

15. PHASED RETIREE MOVING FROM VA

a. If a gaining agency approves the continuation of phased retirement, a phased retiree moving to another agency and continuing phased retirement must submit the completed [SF 3116, Part 3A](#) to the VA HR Officer.

b. The HR Office must forward the [SF 3116, Part 3A](#) to:

(1) OHRM Worklife and Benefits Service at: benefitsretirement058@va.gov; and

(2) OPM at: phasedret@opm.gov.

c. A phased retiree that moves from VA to another agency should follow the gaining agency's process for continuing in phased retirement.

16. TRANSITION FROM PHASED RETIREMENT TO FULL RETIREMENT

a. A phased retiree may voluntarily apply at any time for full retirement in the same manner as other employees.

b. Once the agreed upon time limit has been reached, the employee will transition to full retirement, unless he or she submits a request to the supervisor to return to full-time employment. The request to return to full-time employment requires the mutual consent of the employee and VA.

c. The phased retirement annuity terminates upon separation from service and the full retirement annuity commences the day after separation.

17. APPEAL RIGHTS. There are no new statutory or regulatory requirements unique to phased retirement; employees in phased retirement retain the same rights and responsibilities of regular employment. Any complaint procedures, including any applicable administrative or collective bargaining grievance procedures available in regular employment remain available to phased retirees. No new rights are provided under phased retirement.

18. EFFECT OF PHASED RETIREMENT

a. For Federal Employee Health Benefits (FEHB) purposes a phased retiree is considered to be a full-time employee and the rules regarding part-time proration of health insurance premiums do not apply.

b. For Federal Employee Group Life Insurance (FEGLI) purposes a phased retiree is considered to be a full-time employee for the purposes of employee premiums, employer withholdings and benefit payments.

PART V

- c. Phased retirement has no effect on eligibility and coverage of other benefit programs, which include the Federal Employee Dental and Vision Insurance Program (FEDVIP), Federal Flexible Spending Account Program (FSAFEDS), and the Federal Long Term Care Insurance Program (FLTCIP).
- d. A phased retiree may not elect an alternative annuity.
- e. A phased retiree may not be appointed to more than one position at the same time.
- f. A phased retiree may move or be detailed to another position within VA only if the work schedule remains the same and the position satisfies the criteria for approval in paragraph 7.
- g. A phased retiree is treated as any other employee on a part-time tour of duty for all other purposes except as otherwise provided by law or regulation.
- h. The death of a phased retiree is deemed to be a death in service of an employee and the phased retirement period is deemed to be part-time employment for the purposes of determining survivor benefits.
- i. An individual who dies after separating from phased retirement and before submitting an application for full retirement is deemed to have filed the application for full retirement status with OPM.]

[APPENDIX A. SAMPLE REQUEST FOR APPROVAL OF PHASED RETIREMENT]

SAMPLE

Department of Veterans Affairs

Memorandum

Date:

From: Assistant Secretaries, Under Secretaries, Deputy Assistant Secretaries, Other Key Officials, or their designee(s), or Facility Directors, VA Name of Facility (Mail Code)

Subj: Request Approval for Phased Retirement

To: Assistant Secretary for Human Resources and Administration (006)

Thru: Under Secretary for (Administration Name as Appropriate) (mail code)

1. I am hereby requesting approval for *INSERT PHASED RETIREE REQUESTORS NAME* to participate in phased retirement. This candidate meets the criteria for approval by:

- *Meeting a short term mission critical function:*
 - *Provide a detailed description of the critical function*
 - *Provide a detailed description of how the employee fulfills the critical function and how his/her continued service will assist in fulfilling mission critical functions of VA*
 - *Provide a detailed description of the knowledge, skills, abilities and unique qualifications the employee possesses that are essential for the work to be performed and that cannot be satisfied by another staffing function*
- *Provide documentation that the part-time work schedule is appropriate for this candidate's position*
- *Provide documentation that the candidate has experience mentoring and is willing and able to meet the requirement*
- *Provide documentation that management can identify appropriate mentoring activities for the employee to perform and has the ability to document and report these activities*
- *Provide documentation the change in work schedule of the candidate will not affect the work unit's ability to meet goals and objectives*
- *Operational needs will not require the candidate to work in excess of a 50% work schedule (i.e. 20 hours per week with 20% of duty time participating in mentoring activities)*

2. The critical element of mentoring will be documented in the performance plan.

3. Mentoring duties will be accomplished by:

Insert how the mentoring duties will comply with regulatory requirements and how these duties will be tracked.

PART V

APPENDIX A

4. The proposed time limit for the phased retirement will be from mm/dd/yyyy to mm/dd/yyyy in order to meet the workforce needs of the facility/location.

5. Please contact (*servicing HR representative*), for additional information.

(Signature of Requesting Official)]

APPENDIX B. SAMPLE MONTHLY MENTORING REPORTING CHART]

Mentoring Activity and Frequency Requirement	Date Completed	Activity Description	Goal Accomplished and Next Steps
Present historical information on retirement processing at VA to other services and administrations twice per month	March 2 and 23	Provided a PowerPoint presentation on the history of retirement processing at VA to VBA retirement center employees and to VACO Payroll Policy group.	Goal accomplished. Required to present twice per month.
Meet weekly with Mentee	March 2, 9, 16, 23	Discussed feedback on retirement counseling, ways to improve and identify other mentoring activities that would benefit mentee	Goal accomplished. Mentee requested to study recent history of retirement processing at VA to outside services in the future. Adding this goal to mentoring activities for April.
Shadow mentee providing retirement counseling to employees, documenting and providing feedback to mentee and mentee's supervisor on a weekly basis	March 4, 6, 15, 21, 22, 30	Shadowed HR Specialist providing counseling to retiring employees. Noted areas for improvement, errors and areas where the Specialist excelled. Provided feedback verbally and in writing to mentee and mentee's supervisor.	Goal accomplished. Mentee still needs work in counseling on retirement health and life insurance. We will be focusing on these areas in April.
Shadow mentee completing retirement application packages, documenting and providing feedback to mentee and mentee's supervisor on a weekly basis	March 5, 14, 17, 23, 24, 30	Shadowed mentee completing retirement application packages. Noted areas for improvement, errors and areas where the Specialist excelled. Provided feedback verbally and in writing to mentee and mentee's supervisor.	Goal accomplished. Mentee is now processing retirement applications with 100% accuracy.

